

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 58986 / November 20, 2008

INVESTMENT ADVISERS ACT OF 1940
Release No. 2808 / November 20, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13169

In the Matter of

**JOHN R. BLOT (A/K/A
VICTOR MORGAN),**

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS**

I.

In these proceedings instituted on September 8, 2008, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), against John R. Blot (also known as Victor Morgan) (“Blot” or “Respondent”), Blot has submitted an Offer of Settlement (“Offer”) which the Securities and Exchange Commission (“Commission”) has determined to accept. Solely for the purpose of these

proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Sections II.2 and II.4 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions ("Order"), as set forth below.

II.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Blot, using the alias Victor Morgan, held himself out as an employee of the unregistered broker-dealer Blue Square Management, Inc. ("Blue Square") from approximately January 2001 through March 2004. During this period, Blue Square operated as a purported New York City-based venture capital firm in the business of selling securities and specializing in underwriting initial public offerings. From February 2004 through at least November 2004, Blot held himself as an employee of Westwood Holdings, Inc. ("Westwood"), another unregistered broker-dealer based in New York City. Neither Blue Square nor Westwood was registered in any capacity with the Commission, the National Association of Securities Dealers ("NASD," now known as FINRA) or any other regulatory authority. From February 2001 to December 2002, Blot also was a registered representative at Salomon Grey Financial Corporation, which was registered with the NASD as a broker-dealer and with the State of Texas as an investment adviser. From November 2004 to May 2006, Blot was a registered representative at National Securities Corporation, a broker-dealer registered with the Commission and the NASD. Blot, 29 years old, resided in the State of New York prior to his current incarceration.

2. On October 27, 2006, Blot pled guilty to one count of securities fraud in violation of Title 15 of the United States Code Sections 77q(a) and 77x, before the United States District Court for the District of Connecticut, in United States v. John R. Blot, Crim. Information No. 3:06-CR-80. On April 23, 2007, a judgment in the criminal case was entered against Blot. He was sentenced to a prison term of thirty-six months followed by three years of supervised release and ordered to pay restitution in the amount of \$1,844,000.

3. The counts of the criminal information to which Blot pled guilty alleged, among other things, that:

a. Beginning in or about January 2001 and continuing until in or about March 2004, Blot and his co-defendants cold-called potential investors across the country, claimed that they worked for a New York City-based venture capital firm called Blue Square, and solicited investments in the securities of a purported ATM management company. In telephone conversations and subsequent documents sent to investors, they falsely and fraudulently represented that investors would make significant profits in the near future due to an expected initial public offering ("IPO") and/or buy-out of the company. In truth, the purported ATM management company was a fictitious entity with no actual operations, no profits, and no planned IPO or buy-out.

b. Blot and his co-defendants divided telephone solicitations between cold-callers such as Blot, who initially contacted potential investors and made false and fraudulent statements to them in order to generate their interest in investing with Blue Square and “qualify” them as clients, and traders, who subsequently contacted these “qualified” individuals and made additional false and fraudulent statements to them in order to sell the bogus stock of the purported ATM management company and thereby obtain their funds.

c. Blot and his co-defendants failed to invest the funds received as a result of their solicitations as represented, but instead diverted investors’ funds for their own personal use and benefit.

4. On June 12, 2007, Blot pled guilty to grand larceny in the third degree, in violation of New York State Penal Law Section 155.35, before the Supreme Court of the State of New York, New York County, in The People of the State of New York v. John Blot, Crim. Information No. 2834/2007. On August 21, 2007, a judgment in the state criminal case was entered against Blot. He was sentenced to a prison term of one to three years, to run concurrently with his federal sentence.

5. The People’s complaint alleged, among other things, that:

a. Beginning in December 2003, Blot and others participated in a scheme under the name of Westwood, which purported to sell legitimate stock opportunities to investors. Blot and others placed or supervised the placement of unsolicited telephone calls to numerous individuals throughout the United States. Blot and others then offered those individuals “investment opportunities,” primarily in a company called “ATM Express,” which was a fictitious company.

b. The individuals who agreed to invest with Westwood sent their money to Westwood’s offices. Westwood’s participants, including Blot, distributed the proceeds of those checks among themselves, and did not use any of those funds to pay for any legitimate investments.

c. From December 2003 through January 2005, approximately 90 people sent approximately \$1.2 million to Westwood to purchase what they thought were legitimate stocks but which were actually stocks in fictitious companies or fake stocks in real companies.

III.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Blot’s Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Blot be, and hereby is barred from association with any broker, dealer or investment adviser.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Florence E. Harmon
Acting Secretary